

Fiscal Note

State of Alaska
2018 Legislative Session

Bill Version:	CSHB 240(FIN)
Fiscal Note Number:	3
(H) Publish Date:	4/6/2018

Identifier: HB240CS(FIN)-DOA-DRB-04-04--18
Title: PHARMACY BENEFITS MANAGERS
Sponsor: GUTTENBERG
Requester: H FIN

Department: Department of Administration
Appropriation: Centralized Administrative Services
Allocation: Health Plans Administration
OMB Component Number: 2152

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

	FY2019 Appropriation Requested	Included in Governor's FY2019 Request	Out-Year Cost Estimates				
OPERATING EXPENDITURES	FY 2019	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimated SUPPLEMENTAL (FY2018) cost: 0.0 (separate supplemental appropriation required)
(discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2019) cost: 0.0 (separate capital appropriation required)
(discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version/comments:

Updated to reflect changes to the CS.

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Agency: Department of Administration

Phone: (907)465-3225
Date: 04/04/2018 01:00 PM
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**REPORTED OUT OF
HFC 04/05/2018**

FISCAL NOTE ANALYSIS

STATE OF ALASKA
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Analysis

HB 240 requires Pharmacy Benefit Managers (PBMs) to register with the Director of Insurance as third party administrators, imposes certain requirements the PBMs must follow when conducting pharmacy audits, and limits the use of extrapolation techniques to determine audit findings and recoupment. The bill outlines requirements that a PBM must follow when establishing a Maximum Allowable Cost (MAC) list which is used to determine how much a pharmacy is reimbursed for generic medications. This bill provides the Director of the Division of Insurance the ability to determine binding judgment on appeals.

The CS removes the mandate on the pharmacy benefits manager (PBM) to automatically grant an appeal and allow for a higher reimbursement of a multi-source generic drug. The actuarial analysis assumed that with this mandate, plan costs for generic drugs filled by independent pharmacies in Alaska would increase by 20%. The assumed impact on chain pharmacy pricing would be 10%. The change in the CS the provision from "shall grant" the appeal to "may grant" the appeal, reduced the impact assumptions to a negligible amount.

The Division of Retirement and Benefits anticipates only de minimis fiscal impact from this legislation, and submits a zero fiscal note.